

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

LOYALTY PROGRAM

Docket No. CP2020-166

**USPS RESPONSES TO CHAIRMAN'S INFORMATION REQUEST NO. 1,
WITH PORTIONS FILED UNDER SEAL**
(June 18, 2020)

The United States Postal Service hereby provides its responses to Chairman's Information Request No. 1, which was issued on June 11, 2020. Responses were due by June 18, 2020. The public questions are reprinted verbatim in the attached, and are followed by the Postal Service's responses. A response to the nonpublic question is being filed under seal. The Postal Service herein incorporates by reference its Application for Non-Public Treatment in this docket for the protection of the material filed under seal.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

1. The Notice states, "the Postal Service will provide all Loyalty Program participants with an additional one-time \$20 credit for shipping during the first two months of the program. This credit will be applied once participants ship at least \$500 combined at Priority Mail Express Retail and Priority Mail Retail rates." Notice at 2.
 - a. Please provide the dates of the first two months of the program.
 - b. Please confirm that before receiving the \$20 credit, participants must ship at least \$500 combined at Priority Mail Express Retail and Priority Mail Retail rates during the first two months of the program. If not confirmed, please describe the circumstances under which participants will receive the \$20 credit.

RESPONSE:

- a. The first two months of the program will run from August 1, 2020 – September 30, 2020.
- b. Not confirmed. Participants that use Click-N-Ship to make any purchase at Priority Mail Express Retail or Priority Mail Retail rates during August or September 2020 are entitled to receive the \$20 credit once they reach the \$500 total spend level. However, those participants do not need to reach the \$500 total spend level during this two-month time frame.

USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

2. The Notice states, “any new USPS Click-N-Ship business customers during the first year of the program will receive a one-time \$40 ‘Welcome Bonus’ credit upon shipping at least \$500 at Priority Mail Express and Priority Mail Retail rates.” *Id.*
 - a. Please provide the dates of the first year of the program.
 - b. Please clarify whether new USPS Click-N-Ship business customers enrolled during the first year of the program would need to ship at least \$500 at Priority Mail Express and Priority Mail Retail rates during the first year of the program to receive the \$40 “Welcome Bonus.”

RESPONSE:

- a. The program will launch on August 1, 2020. The first year of the program will run from August 1, 2020 through July 30, 2021.
- b. Confirmed.

USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

3. The Notice states, "although a full rollforward forecast is not available at this time, the Postal Service is filing supporting data for the affected products in accordance with Order No. 1062." *Id.* at 1. Please explain why a full rollforward forecast is not available at this time and indicate when it will become available.

RESPONSE:

A full rollforward forecast includes cost and contribution estimates for all Postal Service products, which is a time-consuming and expensive process in terms of staff workhours and consultant costs. Because this initiative only affects two products, and has a relatively small impact on the overall cost coverage of those products and competitive products as a whole, the Postal Service determined that producing a full rollforward forecast would not be reasonable in this situation. The Postal Service typically prepares a full rollforward forecast when producing an omnibus rate change, which may occur later this year.

USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

4. The Notice states, "in order to assist customers whose volume declined as a result of the ongoing COVID-19 pandemic, the Postal Service will provide all Loyalty Program participants with an additional one-time \$20 credit for shipping during the first two months of the program." *Id.* at 2. Please provide an estimate of volume decline in Priority Mail Express and Priority Mail as a result of the ongoing COVID-19 pandemic. If an estimate is unavailable, please explain what data support this statement.

RESPONSE:

The Postal Service does not have a sufficient analysis available to reflect the impact of the COVID-19 pandemic on Priority Mail Express and Priority Mail volume trends for small and micro businesses (SMBs). However, SMBs have generally experienced a significant negative economic impact as a result of the pandemic. According to the Census Small Business Pulse Survey data, over 85 percent of SMBs have experienced a negative impact, and 74 percent have experienced a decrease in revenue. Over 40 percent of these SMBs believe it will be at least six months until they return to normal levels of operations. The Postal Service's Loyalty Program is specifically designed for SMBs to encourage shipping over the upcoming year, and this particular credit is designed to provide an incentive over the first two months of the program, as SMBs begin to return to normal levels of operations.

USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

5. Please confirm that business customers that ship under a negotiated service agreement are not eligible to participate in the Loyalty Program. If not confirmed, please explain.

RESPONSE:

Not confirmed. NSA customers are eligible to participate in the Loyalty Program if they choose to ship at Priority Mail Express Retail or Priority Mail Retail rates. However, most NSA customers already have access to discounted commercial pricing, so it is unlikely they will participate in the Loyalty Program.